Putting Business into Practice

Most practitioners were not trained in core principles that apply to what they must do daily—manage and build a business. And many psychologists find that the business of practice is growing increasingly complicated.

Practicing psychologists interact regularly with a variety of business and financial professionals. When you deal with accountants, managed care representatives, hospital administrators, or your practice consultants, having a firm grasp of business principles and terminology facilitates your interactions.

“The health care system’s growing complexity increases the need for practitioners to be familiar with business concepts,” says David Ballard, PsyD, MBA, assistant executive director for corporate relations and business strategy for the APA Practice Organization. “Psychologists functioning in today’s complex environment must build their knowledge base and learn how to put business concepts into practice.”

Good Practice asked two APA members about ways for psychologists to develop a business mindset and apply business principles to psychology practice.

A first step is “do your homework,” according to Brian Sullivan, PsyD, owner of Lifeworks, LLC, in Mount Pleasant, S.C., an interdisciplinary suite of healthcare professionals and financial advisers who collaborate to provide client services. “Before you step into private practice or make a move to grow [your practice] in a new direction, ask yourself, ‘What do I know about what I’m going to do?’ … Many of us know too little about how to create, position, manage and grow a business.”

To help psychologists build their business knowledge base, Alan Graham, PhD, owner of ACP Consultants, Ltd. in Park Ridge, Ill., and a member of the APA Business of Practice Network® steering committee, suggests reading business books and periodicals as well as material available from the APA Practice Organization (visit the Practice Management section at APApractice.org).

Continuing education can help fill the gaps created by lack of training in business matters in many psychology
graduate schools. Practitioners find they can reap additional benefits beyond expanding their knowledge of business matters. “Taking business courses puts you in touch with others who are learning about business,” says Dr. Graham. “It provides an opportunity to build your network of business persons.” (See the sidebar, “Where to Look for a Business Course,” page 6.)

These two psychologists have found abundant opportunities to learn by making connections with others who are also managing a business. It’s primarily a matter of “getting out of your office,” according to Dr. Sullivan. “Take long lunches with people you know, but perhaps more importantly, take longer lunches with people you don’t know. Get to know people who do things you don’t, who know things you don’t.” Trading ideas freely can help you learn to think bigger, he adds.

Dr. Graham belongs to a group whose business-owner members meet regularly over breakfast. This affiliation enables him to talk to people outside of psychology, to understand what’s on their minds and important to managing their business.

One central tenet of business is that human and other resources should be put to their most productive use. Along these lines, Dr. Sullivan encourages colleagues to consider the wisdom of outsourcing. “We’re well-schooled in recognizing when we might be at risk for operating outside the boundaries of our competence within clinical practice. But we’re not necessarily good at recognizing our limits when it comes to things like filing insurance claims, marketing and brand development, and creating a viable financial plan,” says Sullivan.

Dr. Sullivan uses information technology specialists to illustrate his point. Some clinicians may be “clueless,” he says, about how to set up and maintain an efficient technology infrastructure—even if that infrastructure consists of only one computer and a printer. There are many ways to optimize technological performance, according to Sullivan, and “we should not be afraid to look to others for guidance, assistance, preventive maintenance and plain old elbow grease.”

Both Drs. Sullivan and Graham recommend yet another common business strategy: Chart your course with a business plan. “Psychologists need a road map for achieving their mission,” says Dr. Graham. A sound business plan helps you set goals, and it guides decision making about how to achieve these goals. Dr. Sullivan observes that a business plan is a “living document” that you should review and update regularly; it needs to evolve along with your professional vision.

Several additional pointers from these psychologists for putting business into practice include:

· Hire solid employees, keep them happy and learn from them. Reward good performance; show good employees you value them with praise and bonuses.

· Think about “return on investment,” not simply the cost of doing business. When thinking about hiring an administrative assistant to take care of matters such as insurance claims filing or scheduling, for example, don’t focus solely on the cost of employing the new assistant. You also need to factor in the additional hours

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Staying Ahead of the Curve (continued from page 1)

- New business models that offer a one-stop shop for services can garner a competitive advantage.
- Trained in assessment, treatment, program design and evaluation, psychologists are uniquely equipped to provide full-service, integrated treatment.
- Psychologists have the knowledge and skills to apply their research and demonstrate outcomes and treatment effectiveness.

Challenges
- Practitioners must learn to evaluate the environment and create a business plan that anticipates and responds to changing needs.
- As consumers make their own decisions about what services to purchase, practitioners must increasingly demonstrate the value of their services and the competitive advantage they offer.
- Payers will shift their focus from utilization management to clinical outcomes and provider accountability.
- Provider evaluations and performance data will increasingly be made available to consumers to help inform their decisions.
- As in other industries, practitioners will need to focus on client satisfaction and customer service.
- Lower-income consumers who must spend their own money may opt not to access services, thereby increasing discrepancies in health status, quality of care and access to services.
- The large number of uninsured and underinsured individuals may find it increasingly difficult to access appropriate treatment.

Staying on top of emerging trends will help you creatively meet the changing needs of society and position your practice for a long and prosperous future. Visit APApractice.org for more information about environmental trends and practice opportunities.

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that you would be freed up to produce revenue for your practice once you no longer need to handle such tasks yourself.
- Be open to new opportunities. Increasingly, psychologists are finding innovative ways to apply their expertise in human behavior outside of the traditional mental health realm. For some psychologists, such diversification helps to create multiple streams of revenue and improve their practice finances.

WHERE TO LOOK FOR A BUSINESS COURSE

Many colleges and universities will let you register for or audit a single business course and may even offer weekend and evening seminars or online courses. Similarly, local community colleges may offer basic business courses through their adult education programs. And small business associations and other community business groups often offer seminars and workshops at low or no cost.

* The APA’s Business of Practice Network works strategically to position psychology in a leadership role within the marketplace by developing strong collaborative relationships with the business and employer communities and educating them about the roles and value of psychology in the workplace.
As part of the APA Practice Organization’s “Tools for Growth” workshops, David Ballard, PsyD, MBA, asks participants to identify psychologists’ core competencies and skills. He then discusses how practitioners can leverage these skills to help them build, manage, market and diversify their practices. The list below reflects some of the most common responses generated by workshop participants.

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<thead>
<tr>
<th>SKILL</th>
<th>APPLICABILITY TO THE BUSINESS OF PRACTICE</th>
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<tbody>
<tr>
<td>Relationship building</td>
<td>Establishing and nurturing mutually beneficial business relationships with payers, vendors, partners, employees, colleagues, referral sources and other professional contacts</td>
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<tr>
<td>Research</td>
<td>Understanding and using financial, operating, outcomes and marketing data to enhance your practice</td>
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<tr>
<td>Assessment</td>
<td>Integrating multiple data sources to better measure and understand things that affect your practice—such as environmental trends, market segments, client satisfaction and the effectiveness of your marketing efforts</td>
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<tr>
<td>Problem solving</td>
<td>Figuring out how your practice can meet emerging community needs, reach target clientele and referral sources, improve efficiency or effectiveness, overcome obstacles and increase profitability</td>
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<tr>
<td>Facilitating change</td>
<td>Diversifying your practice, changing your client, payer or service mix, and remaining competitive and viable in an evolving marketplace</td>
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<tr>
<td>Expertise in behavior</td>
<td>Demonstrating psychology’s value in any setting and applying concepts in areas such as learning, motivation, decision making, group dynamics, social influence and interpersonal relations to your business-related activities</td>
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<tr>
<td>Program design and evaluation</td>
<td>Developing a new service or expanding to serve new clientele; consulting with evaluation individuals, groups, organizations and communities to help them develop, implement and evaluate programs to enhance their functioning</td>
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<tr>
<td>Communication/listening skills</td>
<td>Marketing your practice, providing potential clients and referral sources with the information they need to make better decisions about your services, understanding the needs and motivations of others, and building effective two-way communication channels</td>
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